

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6228-01  
Bill No.: HJR 85  
Subject: Constitutional Amendments; Lotteries; Boards, Commissions, Committees,  
Councils; Veterans  
Type: Original  
Date: March 26, 2012

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Bill Summary: This proposal authorizes electronic pull tab games the revenue from which will be directed to the Veteran's Commission Capital Improvement Trust Fund.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Revenue	\$0 or (More than \$7,000,000)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or (More than \$7,000,000)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Veteran's Commission Capital Improvements Trust Fund	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the State Treasurer** and **Office of the Governor**, each assume the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal, officials at the **Office of the Secretary of State (SOS)** assume unless a special election is called for the purpose, joint resolutions are submitted to a vote of the people at the next general election. If a special election is called to submit a joint resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. Article III section 52(b) of the Missouri Constitution authorizes the General Assembly to order a special election for measures referred to the people and Article XII section 2(b) authorizes the Governor to call a special election to submit constitutional amendments to a vote of the people.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2 (b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

**Oversight** has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2013. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled general election is in November 2012 (FY 2013). It is assumed the subject within this proposal could be on that ballot; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2013.

ASSUMPTION (continued)

To estimate the expense the state would incur for reimbursing local political subdivisions for a special election, Oversight requested expense estimates from all election authorities for an election. Eighty-six out of the one hundred fifteen election authorities responded to Oversight's request. From these respondents; the total election expense that would have to be reimbursed by the state government is over \$7 million. Therefore, Oversight will reflect a potential cost borne by the state in FY 2013 of over \$7 million for reimbursement to the local political subdivisions. Oversight assumes the Governor could call for a special election to be held prior to November 2012 regarding this joint resolution; however, if a special election is not called, the subject will be voted on at the general election in November, 2012.

Officials from the **Department of Public Safety - Missouri Veterans Commission** defers to the Missouri Lottery Commission for fiscal impact to their organization.

Officials from the **Missouri Senate** assume the proposal will have fiscal impact as they related to their agency or minimal cost which can be absorbed by present appropriations.

Officials from the **Department of Elementary and Secondary Education** state they have received Lottery funds since 1994. During the last four fiscal years, Department of Elementary and Secondary Education has received the following proceeds from Lottery sales:

2008	\$181,442,919
2009	\$181,949,215
2010	\$179,434,984
2011	\$163,619,956

Developing and selling an electronic pull-tab card and depositing the proceeds into the Veterans' Commission Capital Improvements trust fund will likely significantly impact Department of Elementary and Secondary Education proceeds; however, we cannot determine to what extent.

**Oversight** will assume since this proposal creates a new game, current proceeds to the Department of Elementary and Secondary Education will remain unchanged and there will be no impact to the Department of Elementary and Secondary Education.

ASSUMPTION (continued)

Officials from the **Missouri Lottery Commission (LOT)** state the proposal requires the LOT no later than July 1, 2013, to develop and begin selling electronic pull-tab cards, net proceeds of which are to be deposited in the Veterans' Commission Capital Improvements Trust Fund.

The LOT estimates needing additional financial, game accounting, customer care and/or licensing staff. The Missouri Lottery Commission also states vehicles and mobile notebooks for each FTE are also required, which may cause a negative fiscal impact in the first year until machines are installed and sales begin.

The LOT estimates they will need 22 FTE to administer the new product, including: 1 Lottery Mgr B1, 5 Lottery Sales Representatives, 4 Lottery Security Specialist and 12 Maintenance Workers. Ongoing expenses requested include supplies, telecommunications and fuel.

**Oversight** assumes Missouri Lottery Commission is provided with core funding to handle a certain amount of activity each year. Oversight assumes LOT could absorb the personal service costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
<u>Transfer Out- Reimbursement of local election authorities for election cost</u>	\$0 or (More than <u>\$7,000,000</u> )	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE</b>	<b>\$0 or (More than <u>\$7,000,000</u>)</b>	<b>\$0</b>	<b>\$0</b>

**VETERANS' COMMISSION  
 CAPITAL IMPROVEMENTS TRUST  
 FUND**

<u>Income</u> - Proceeds from electronic pull tab machine	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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<b>ESTIMATED NET EFFECT ON    VETERANS' COMMISSION    CAPITAL IMPROVEMENTS TRUST    FUND</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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**LOCAL ELECTION AUTHORITIES**

<u>Transfer In</u> - Cost reimbursement from the State for election	\$0 or More than \$7,000,000	\$0	\$0
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<u>Expense</u> - Cost for election	\$0 or (More than \$7,000,000)	<u>\$0</u>	<u>\$0</u>
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<b>ESTIMATED NET EFFECT TO    LOCAL ELECTION AUTHORITIES</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

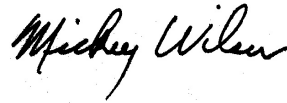
This proposal authorizes electronic pull tab games the revenue from which will be directed to the Veteran's Commission capital improvement trust fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Lottery Commission  
Office of the Governor  
Missouri Senate  
Department of Public Safety  
Office of the State Treasurer  
Department of Elementary and Secondary Education  
Office of the Secretary of State

Mickey Wilson, CPA

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized "M" and "W".

Director  
March 26, 2012